



Cash flow management and client engagements for accountants & bookkeepers



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Introduction

2021 showed that accountants and bookkeepers really are the “backbone of the backbone of the Australian economy” - they keep our small businesses in business.

Lockdowns and the turmoil the pandemic created saw a rollercoaster 18 months, and advisors were at the forefront of it. From navigating changing legislation, grants and reliefs to helping guide their small business clients through an incredibly difficult period, accountants and bookkeepers shouldered a heavy workload.

We recently surveyed small businesses as part of the QuickBooks Advocating for Advisors research and found more than half (51%¹) say they increased their reliance on their advisors to help manage the impact of COVID-19.

In doing so, advisors helped small businesses to make and save an estimated cumulative \$45.3² billion in the last year through access to grants, investment guidance or from other business advice. Close to six in ten (57%³) admitted they would have struggled to keep going without the support of their advisors.

The support advisors provided their small business clients was clearly invaluable, but it placed ongoing demands on your workload, And this continues today as we emerge from lockdowns with fewer restrictions and an optimistic mood.

For many advisors, this focus on their clients' business meant they struggled to find time to focus on their own. As the economy continues to open up, now is the time to focus on your own business - to make sure you're getting paid for all the value you deliver to your clients so you can continue to be there for them into the future.

Intuit QuickBooks believes in backing advisors, the accountants and bookkeepers who have supported small businesses through the pandemic, during tax time and beyond. That's why we're arming our advisors with a suite of smarter business tools to not only help them manage their clients' affairs more efficiently, but to also manage their own.

QuickBooks Online is the world's leading small business financial management solution and is used by 300,000 accountants & bookkeepers and more than 5.1 million small businesses around the world.

Over the past 18 months, the efficiencies QuickBooks Online Accountant created for many accountants and bookkeepers helped them to manage their clients, workflow and track their time and billing virtually, and in one place.

Every QuickBooks ProAdvisor receives a free subscription to QuickBooks Online to manage their own firm's books, including powerful features like the Cash Flow planner and invoicing tools to help you gain valuable insights into the health of your business, while taking the headaches out of getting paid on time.

QuickBooks Online Accountant also supports powerful integrations with solutions like Practice Ignition to help advisors streamline client onboarding, eliminate debtors, and automate client payment collections.

Now, as we head into the new year, there's no better time to take important steps to understand your own business's position so you can shore up your firm's cash flow, and then develop an action plan to grow your business in the months ahead.

In this guide, we look at the tips and tools to help you gain insights into your client base, how to turn the work you delivered over the last year into ongoing, value-adding conversations, and ensure the scope of your client engagements are clear, concise and reflect the true value you're providing your clients.



**Advisor Product Marketing,
Meagan Wood**

Meagan Wood

Make sure you're paid on time, every time

Research shows that on average, accounting firms don't get paid for 50 days. Add on to this the average work-in-progress time of 25 days, and firms can be waiting up to 75 days to get invoices settled (Good Bad Ugly Report, 2020).

Like most accountants and bookkeepers, you're probably great at making sure your clients get the money owed them, but maybe not as good at making sure you're being paid on time yourself.

Coupled with the challenges your small business clients faced over the last 18 months, your firm's cash flow may not be in the best shape. As highlighted by the Australian Financial Security Authority accountants are one of the highest exposed groups to trade credit debt ('Debts in business related personal insolvencies', Australian Financial Security Authority, October 2020).

An unclear engagements strategy can lead to scope creep and late payments from clients. If payment terms are not addressed up-front, they can further impact your business's cash flow.

As the economy continues to open up, and with hopefully a little breathing space on the horizon for advisors, it's time to focus on your own business, to make sure you're getting paid, on time, for all the value you deliver to your clients.

Begin by asking yourself the same questions you may ask clients:

- Are you confident in your firm's cash flow?
- What tools, processes, and software do you have in place to manage it?
- When was the last time you reviewed them?

From there, you can begin to look at turning the work you engaged in over the last year into regular, ongoing value-adding conversations. This is your opportunity to ensure the scope of your client engagements are clear, concise and reflect the true value you're able to provide your clients businesses.

Let's take a look at how you can understand your own position so you can strengthen your firm's cash flow, and then develop an action plan to grow your business in the months ahead.



Jimmy Nguyen,
Senior Tax Accountant,
DKM Accounting

Let's start with your internal processes and Client Review

Firstly, take some time to review all your clients. Are they completely out of lockdown, or are some still impacted by capacity limits or other restrictions? Are there any just hanging on by a thread?

Some clients may still need additional support. Talk with them to see how they can trade out of this and determine what additional advice, support or financial assistance they may need.

For those businesses that have been able to diversify and have actually grown, look at whether you may now need to provide different types of advice and support.

Use this checklist to get started

- ☐ What work is outstanding for each client, especially for any clients behind in payments?
- ☐ What payments are outstanding for work already carried out?
- ☐ Have you invoiced out all work outstanding?
- ☐ When was the last time you communicated any outstanding amounts to your clients?
- ☐ Which clients are set up on automatic payments? Which should be?
- ☐ Has past work for this client been profitable, and will it be going forward?

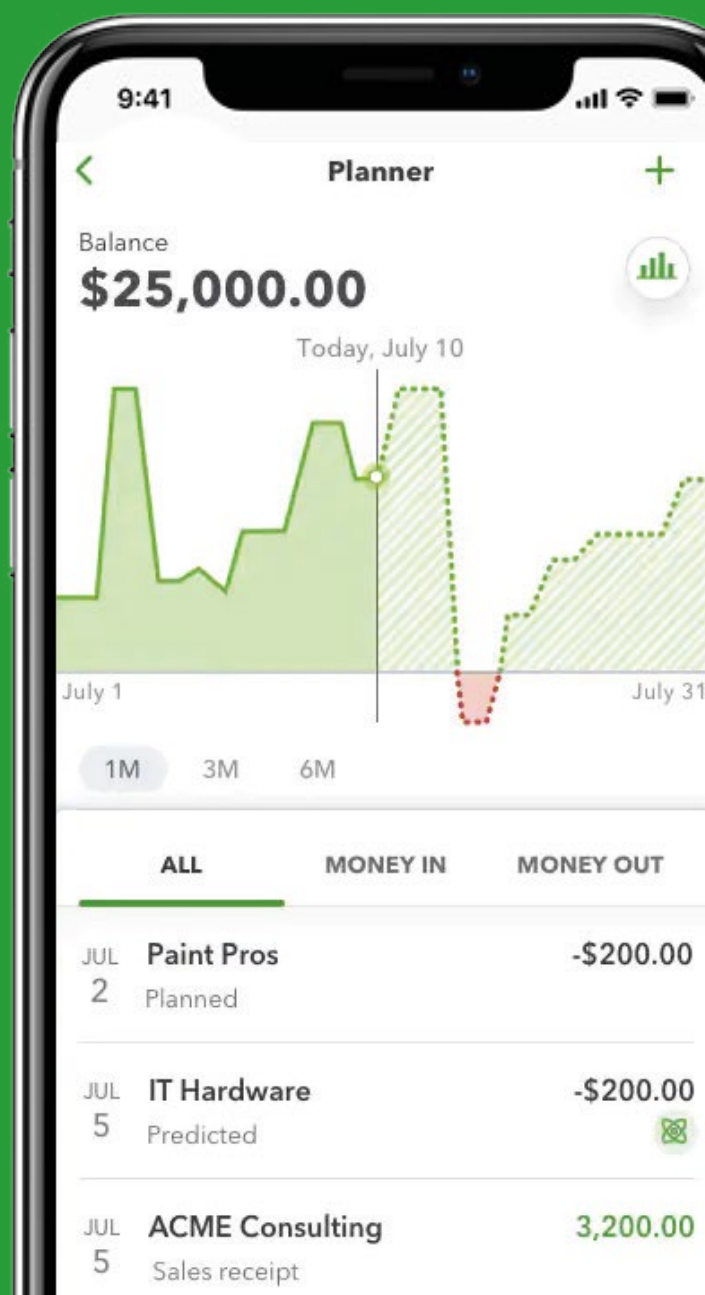
With the information this review has provided on how each of your clients is positioned and what work you may have to do, have done, and been paid for, you can start to focus on the internal machinations of your business.

Review your cash flow

Understanding your firm's cash flow is one of the most important things you can do.

If you're using QuickBooks Online to manage your firm's books, the [Cash Flow planner](#) is an interactive tool that forecasts your cash flow - money going in and out - and lets you model future impacts.

By looking at your financial history, it forecasts future money in and out events and if you experience disruptions to payments, lets you add and adjust future events to see how certain changes affect your cash flow without affecting your books.



Using the Cash Flow planner feature in QuickBooks to forecast the health of your business

The Cash Flow planner uses historical data from the accounts you have connected to QuickBooks Online to help forecast future recurring income and expenses. It tracks supplier bills with their credit terms and lets you move the dates of when payments will be made to understand the impacts of these transactions on your cash flow.

Setting up the Cash Flow planner is straightforward and it lets you fine-tune your forecasts, and add hypothetical money in and out situations to get a better understanding of your cash flow up to 15 months ahead.

With a better understanding of your own - and your clients' - finances and cash flow situation you can begin to create an action plan, writing off bad debts for some clients, implementing flexible payment plans for others, and engaging in new work for those whose needs have changed.

Creating an action plan as we continue to emerge out of COVID lockdowns and border closures



Use this checklist to get started

- ☐ Identify potential bad debts - run a "Detailed Aged Receivables" report in QuickBooks Online, process any bad debts, and close off the invoices outstanding
- ☐ Communicate with clients on outstanding work, potential new work, and any outstanding payments
- ☐ Set up automated invoice reminders
- ☐ Create engagement letters for any new work with clear payment terms
- ☐ Set your processes in reviewing your receivables to weekly, or monthly at the minimum.

Working through this checklist, it's clear that unfortunately, you may have to write off some work as a bad debt. You can get a clearer idea on your exposure to bad debts by running a "Detailed Aged Receivables" report in QuickBooks Online. This report will show you the length of time outstanding, and give you better visibility of your outstanding invoices.

[Running a "Summary Aged Receivables" report](#) will give you clarity on which clients owe money and the days overdue.

From here, you can [process a Bad Debt](#) and [close off the invoices outstanding](#) in QuickBooks Online Accountant. This will help ensure your accounts receivable and net income are up-to-date.

After reviewing your client base you can begin to communicate with them about outstanding work, potential new work for which they'll need your support, and finally, outstanding payments for work done.

To save time you can also [set up automated invoice reminders](#) in QuickBooks and can edit and personalise these reminder messages.

The invoicing tools in QuickBooks Online Accountant are ideal for fixed fees, letting you easily create and send invoices or schedule recurring invoices to be sent automatically.

Proposal and billing software like that offered by [Practice Ignition, integrated with QuickBooks](#), allows you to quickly and clearly engage and automatically bill clients by collecting payment details through a digital proposal and engagement letter - ideal if your client review has identified work that should be engaged on as new work.

You can charge the preferred billing method over the time period of your choice (usually monthly) so you don't have to spend time chasing clients for payments and you can spread your payments throughout the year, to ensure there's always enough cash to pay the bills.

Practice Ignition will then [automatically raise and reconcile invoices in QuickBooks Online](#), according to the schedule determined in your proposal & payment terms, completely automating the accounts receivable process and eliminating time spent chasing debtors.

Automatically managing client payments according to the payments schedule you've determined, [Practice Ignition can help you get paid quicker](#) from your clients so you can focus on delivering high-quality work.

Guarding against scope creep

Like many Advisors, you may have seen significant scope creep set in over recent months. It's now time to take stock of the work you're actually delivering, or about to deliver.

Practice Ignition, integrated with QuickBooks, can help [create professional-looking, clear proposals and engagement letters](#) in minutes, giving both you and your client certainty and on what work will be delivered, before you start on it.

Advisors will face a heavy workload for some time to come, so it's best to [set your processes in reviewing your receivables to weekly, or monthly](#) at the minimum. This will allow you to keep on top of clients' accounts and spot issues as they emerge. The ability to set up automatic reports to be emailed out to you on a recurring schedule can help with this.

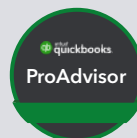
Now, armed with a better understanding of your firm's cash flow, and tools in place to automate as much as you can around chasing payments, sending invoices and reminders, the final step is to create a schedule for any outstanding work to be done, or engage on new work.

Moving forward with confidence

Advisors have gone above and beyond for their clients over the past 18 months but there will still be challenges ahead. Taking the time now to review your clients, review your processes, and ensure you're getting the maximum value out of the features, tools, and automations in tools like QuickBooks and Practice Ignition can lighten the load and help you plan ahead with confidence.



Don't forget, the integration of QuickBooks and Practice Ignition can save you time and headaches, letting you streamline client onboarding, eliminate debtors and streamline client payments with automated collections.



QuickBooks ProAdvisors also receive [exclusive discounts on Practice Ignition subscriptions](#). **It's free to join the ProAdvisor Program** and access discounts, tools, and more!



QuickBooks ProAdvisors also receive a [free subscription to QuickBooks Online](#) – and all of its features, like the Cash Flow planner – to manage their firm's books.

[Learn more about how Practice Ignition works with QuickBooks Online, or start a 14-day free trial to test it for yourself.](#)

Want to speak to the QuickBooks team about the Cash Flow planner tool, the discounts in the ProAdvisor Program, or any of the other time-saving tools in [QuickBooks Online Accountant](#)? Contact our team on 1800 618 521

What our users are saying about QuickBooks Online



Rated Excellent - 4.7 / 5 stars



"I have no hesitation in recommending QuickBooks to my clients. I use it myself for my business and find the chart of accounts to align well with small-medium sized businesses. The payroll functionality is simple to use, integration with bank accounts seamless and reporting functionality is effective / flexible. I'm a trained Accountant, who values my time. I don't need complexity. QuickBooks is reliable and easy to learn."

Craig - QuickBooks Online Accountant user

"I am an accountant who has used Quickbooks software for well over 20 years and the new online version is awesome. The processing of transactions is literally completed in seconds saving heaps of time. The reporting is great. The software is easy to use. The customer service when you need help is awesome, nothing is too hard for them."

Suzanne - QuickBooks Online user

"I highly recommend it for small business clients and entrepreneurs looking for an accounting software program that easily manages everyday tasks. Whether it be invoicing, tracking bills, payroll or inventory management, QuickBooks Online is definitely great value for money, with affordable packages to suit all types of users. Bank feeds are supported with most financial institutions, making data entry simple and efficient. The reports that you can generate give owners and financial advisors great insight into the operations of a business."

Porsche - QuickBooks Online user

References

1. Advocating for Advisors research data tables. Tab 'Table 6', row 6 columns B + C
2. Advocating for Advisors research data tables. Tab 'Table 2 and 4' - average figure based on what small businesses saved and made x weighted ABS data. See attached separate calculations document also.
3. Advocating for Advisors research data tables. Tab 'Table 12' row 13 column B

